

Written 4 April 2022

## **BUSINESS NEWS SCOTLAND**

Welcome to our round up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

### **New tax year ahead**

Employers running payroll need to report to HM Revenue and Customs (HMRC) on the previous tax year (which ends on 5 April), give their employees a P60 and prepare for the new tax year, which starts on 6 April.



HMRC have published important information for employers on gov.uk, which includes:

- help [finishing the tax year 2021 to 2022](#);
- help starting the new tax year 2022 to 2023, by using their [form P9X \(2022\)](#) to find out which tax codes to change from 6 April 2022;
- information on the [rates, limits and changes for 2022 to 2023](#) (and this includes the increase in National Insurance rates for the 1.25% Health and Social Care Levy); and
- their [Employer Bulletin from February 2022](#) – this edition contains information about sending in the final payroll submission for the tax year 2021 to 2022.

### **Making Tax Digital (MTD) is now mandatory for VAT-registered businesses**

MTD became mandatory for all VAT registered businesses on the 1 April 2022.

The government states that MTD helps taxpayers get their tax returns right by reducing common mistakes as well as saving time managing their tax affairs and is a key part of the overall digitalisation of UK tax.



Evidence shows MTD is succeeding in its central aims of reducing errors, while also making it faster to prepare and submit returns and boosting productivity for businesses. New research, conducted by HMRC and peer reviewed by independent academics, shows MTD is likely to have generated increased revenue for the Treasury, through reducing errors in both 2019 and 2020.

Nearly 1.6 million taxpayers had joined MTD for VAT as of December 2021 with more than 11 million returns successfully submitted.

VAT-registered businesses that have not yet signed up to MTD for VAT should do so now. All VAT-registered businesses must use MTD for VAT for their first VAT return period that starts on or after 1 April 2022. For any business concerned about this, we can help to choose the software that is right for you, whether that is one of the simple free options available, or a more advanced product for those with more complex affairs.

Please contact us about MTD – we are here to help!

### **Changes to VAT rates from 1 April 2022**

Many in the hospitality sector were hoping that the Chancellor would extend the 12.5% reduced rate that has applied since 1 October 2021 but, as scheduled, the rate has reverted to 20% from 1 April 2022.

The increase will apply to hospitality, visitor attractions and catering services including restaurants and takeaways.

This has a consequential effect on the VAT Flat Rate Scheme percentages from 1 April 2022 as set out below:

Type of Business	Before 15 July 2020 and from 1 April 2022	15 July 2020 to 30 September 2021	1 October 2021 to 31 March 2022
Catering services including restaurants and takeaways	12.5%	4.5%	8.5%
Hotel or accommodation	10.5%	0%	5.5%
Pubs	6.5%	1%	4%

Affected businesses should ensure that their pricing policies and internal systems and processes are updated for the 1 April 2022 change in VAT rate. Please talk to us if you need any assistance with your VAT affairs.

### HMRC are closing CHIEF and moving to a new single customs platform

Over the past few years, HMRC have been working with businesses on the Customs Declaration Service, a replacement for the Customs Handling of Import and Export Freight (CHIEF) system, which is now nearly 30 years old.



Last year, HMRC announced the UK will move all customs declarations from CHIEF onto the Customs Declaration Service. They are now ready for declarants to start moving to the new system, and below are more details to help affected businesses (and their agents where relevant) prepare. The CHIEF system will close in two phases:

**Phase one - after 30 September 2022:** the ability to make import declarations will end.

**Phase two - after 31 March 2023:** the ability to make export declarations will end.

The Customs Declaration Service will serve as the UK's single customs platform, with all businesses needing to declare all imported and exported goods through the Customs Declaration Service after 31 March 2023.

HMRC have sent a letter to 242,000 traders who need to start preparing for the change.

See the letter here: [HMRC calls on businesses to get ready to move to customs IT platform over the summer - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/hmrc-calls-on-businesses-to-get-ready-to-move-to-customs-it-platform-over-the-summer)

Preparing for the Customs Declaration Service: [Preparing for the Customs Declaration Service - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/preparing-for-the-customs-declaration-service)

### **Temporary insolvency measures are ending**

The remaining temporary insolvency measures are being lifted and the insolvency regime is returning to its pre-pandemic operation.

The Corporate Insolvency and Governance Act 2020 introduced various temporary measures to help protect companies affected by the lockdown restrictions during the pandemic.

Most of these measures expired at the end of June and September 2021, except for restrictions on winding up companies, which were extended until 31 March 2022.

This remaining insolvency restriction will not be extended further, allowing the insolvency regime to return to its pre-pandemic operation.

Business leaders are being advised to seek professional insolvency advice to protect their business.

See: [April 2022: temporary insolvency measures are ending - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/april-2022-temporary-insolvency-measures-are-ending)

### **Live Events Reinsurance Scheme**

The Live Events Reinsurance Scheme will support live events across the country (such as music festivals, conferences and business events) that are at risk of being halted or delayed due to an inability to obtain COVID-19 cancellation insurance. Cover will be available to purchase alongside standard commercial events insurance for an additional premium.

The full scheme rules, as published by the Department for Digital, Culture, Media & Sport (DCMS), can be found on the webpage below.

The Scheme will run to 30 September 2022. Cover will be available to purchase through participating insurers. A number of prominent insurers in the Lloyd's market, including Arch, Beazley, Dale, Ark and Munich Re are supporting the scheme, and more are expected to follow. Event organisers can now start approaching these insurers to discuss their cover.

See: [Live Events Reinsurance Scheme - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

### **Office for Product Safety & Standards (OPSS) - new guide for bringing safe products to market**

In recent months OPSS has been working with consumers and businesses to support the development of a Code of Practice that will help businesses understand their responsibilities to supply safe products to consumers.

The [UK National Standards Body, the British Standards Institution](https://www.bsi.com) (BSI) has been sponsored by OPSS to publish a Code of Practice to support businesses with bringing products to market safely. PAS 7050:2022, Bringing safe products to market, published on 25 March 2022, helps businesses meet their obligations under products safety law that requires new and used consumer products placed on the market to be safe.

See: [OPSS supports new guide for bringing safe products to market - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

### **£1.2 billion share sale sees Government stake in NatWest Group reduced to below 50% for the first time since the financial crisis**

For the first time since the financial crisis, NatWest Group plc (formerly Royal Bank of Scotland Group plc) is no longer under majority public ownership following a £1.2 billion sale of part of the government's shareholding back to NatWest.

This is the government's fifth sale of its NatWest shareholding bringing its level of ownership down from 50.6% to 48.1%. This is a landmark in the government's plan to return to private ownership the institutions brought into public ownership as a result of the 2007-2008 financial crisis.

The Economic Secretary to the Treasury authorised the sale of approximately 550 million shares in NatWest at 220.5p per share raising a total of £1.2 billion. The shares were bought back by NatWest and the process was managed by UK Government Investments.

See: [Landmark £1.2 billion share sale sees Government stake in NatWest Group reduced to below 50% for first time since financial crisis - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

## **UK entrepreneurs given cash boost to help drive greater clean energy independence**

Energy entrepreneurs driving forward innovative ways of cutting the UK's reliance on expensive fossil fuels have the chance to make their plans and ideas a reality, thanks to £10 million in government funding.

The ninth round of the Energy Entrepreneurs Fund (EEF), which seeks to promote new clean technologies across all sectors of the UK economy, is opening for applications as the government drives forward plans to secure greater clean energy independence in the UK.

This includes innovations to boost energy efficiency in people's homes and develop green transport - as well as sourcing cleaner ways to generate power and heat in the UK.

Funding is expected to support between 15 and 20 projects across the country. Successful projects could create hundreds of green jobs and kickstart millions-of-pounds-worth of private sector investment across the UK.

See: [UK entrepreneurs given cash boost to help drive greater clean energy independence - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-entrepreneurs-given-cash-boost-to-help-drive-greater-clean-energy-independence)

## **UK FinTech Week 2022**

UK FinTech Week runs across the UK from 4 April to 8 April 2022 and will showcase innovation in financial services on a global stage.

UK Fin Tech Week is returning as a brand new hybrid concept and we can expect five days of important content delivered by some of the biggest names in finance, government and tech.

FinTech founders, bank ex-cos, technologists, entrepreneurs, investors, regulators, policy-makers, politicians, academics and media from around the world will come together to learn, discuss, debate and network.

For further information visit [UK FinTech Week 2022 - Innovate Finance – The Voice of Global FinTech](https://www.innovatefinance.com/uk-fintech-week-2022)

## **Consultation on developing the UK Emissions Trading Scheme**

The UK Emissions Trading Scheme (ETS) Authority – made up of the UK government, Scottish Government, Welsh Government and the Department of Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland – is seeking stakeholder views on proposals to develop the UK ETS which operates across England, Scotland, Wales and Northern Ireland.

This consultation is open to all, but it will be of particular interest to:

- individual companies and representatives of industrial, power and aviation sectors with obligations under the UK ETS
- environmental groups
- individual companies and representatives of maritime, waste, greenhouse gas removals and agricultural sectors

Note, this consultation does not apply to NI electricity generators who participate in the EU ETS by virtue of the Ireland / Northern Ireland Protocol.

See: [Developing the UK Emissions Trading Scheme \(UK ETS\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/developing-the-uk-emissions-trading-scheme-uk-ets)

### **Consultation: Subsidy Control Bill**

The Department for Business, Energy & Industrial Strategy (BEIS) is seeking views on proposed regulations under the Subsidy Control Bill. The Bill provides the framework for a new, UK-wide subsidy control regime.

This regime will enable public authorities, including devolved administrations and local authorities, to deliver subsidies that are tailored and bespoke for local needs to deliver government priorities such as levelling up and achieving net zero carbon, as well as supporting the economy's recovery from COVID-19.

It is crucial that the new subsidy control regime can identify subsidies and schemes that have the potential to cause negative effects on competition or investment within the UK or in relation to the UK's international trade, so that these can be subjected to additional scrutiny and review.

To achieve this, the Bill provides for two distinct categories of subsidy or subsidy scheme that could potentially have a distortive effect:

- Subsidies or Schemes of Interest (SSoI)
- Subsidies or Schemes of Particular Interest (SSoPI)

BEIS intend to develop criteria that are clear and easy for public authorities to interpret and apply.

See: [Consultation on subsidies and schemes of interest and of particular interest \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/consultations/consultation-on-subsidies-and-schemes-of-interest-and-of-particular-interest)

### **Energy Entrepreneurs Fund phase 9**

The Department for Business, Energy & Industrial Strategy (BEIS) has launched phase 9 of the Energy Entrepreneurs Fund (EEF9) supporting the development of technologies, products and processes to reduce greenhouse gas emissions and security of supply.

The competitive funding scheme supports the development and demonstration of state of the art technologies, products and processes in the areas of energy efficiency, power generation, heat generation, energy storage, reducing greenhouse gas emissions and security of supply.

The scheme seeks the best ideas, irrespective of source, in these areas from the public and private sector. In particular it aims to assist small and medium sized enterprises, including start-ups.

Successful applicants will receive Acceleration Support alongside their grant to help them progress towards commercialisation.

Up to £10 million in grant funding is available in EEF9. Of this, £1 million has been allocated to projects based in Cornwall, to reflect the important part played by Cornwall in the 2021 G7 and aiming to create a positive legacy.

See: [Apply for the Energy Entrepreneurs Fund: phase 9 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/energy-entrepreneurs-fund-phase-9)

### **Business loans – Outer Hebrides**

Comhairle nan Eilean Siar provides commercial finance to new and growing businesses in the Outer Hebrides. The purpose of the service is to ensure that good, commercially viable proposals do not fail due to a lack of access to finance.

Interest-bearing business loans of up to £50,000 are available to encourage businesses to start up, and also to enable business and community development in the Outer Hebrides.

The loans will help new and growing businesses and income-generating community enterprises to develop projects that will enhance their opportunities for long-term sustainability, as well as economic activity and employment.

The loans can be used for general start-up costs, new or used plant and equipment, working capital, marketing, e-commerce enablement and upgrading business facilities.

### **Micro business loans – Outer Hebrides**

Comhairle nan Eilean Siar also provide interest-free micro loans to encourage the creation and growth of small businesses in the Outer Hebrides that can contribute new jobs to the local economy. The loans can also help income-generating community enterprises develop projects that will enhance their opportunities for long-term sustainability and/or stimulate the local economy.

Loans of up to £2,000 are available from Comhairle nan Eilean Siar through its Business Gateway service. The funding can be used for general start-up costs, marketing (including trade fair attendance), e-commerce enablement and other business activities.

In both cases, applications will be assessed against key eligibility criteria. Proposals must demonstrate that they will contribute to, and strengthen, the local economy in terms of jobs, growth and other benefits.

See: [Business Loan \(cne-siar.gov.uk\)](https://www.cne-siar.gov.uk/business-loan)

See: [Micro Business Loan \(cne-siar.gov.uk\)](https://www.cne-siar.gov.uk/micro-business-loan)

### **Outer Hebrides Fisheries Investment Scheme loan**

The Fisheries Investment Scheme (FIS) is a council-funded scheme, supported by the Western Isles Fishermen's Association, which aims to create and retain employment opportunities in the Outer Hebrides by encouraging business development in the fisheries sector.

Loans are available for the purchase of fishing vessels that are less than 24 metres in overall length, equipped to go fishing at sea and up to 30 years old. The loans will cover up to 40% of the cost, up to a maximum of £100,000.

It is expected that the remainder of the purchase will be financed from a commercial loan from the applicant's own bank and their own funds.

A marine mortgage must be provided as security for any Fisheries Investment Scheme loan and all Comhairle legal costs involved in its registration must be met by the applicant.

Each application will be judged on its own merits. The main factors taken into account in assessing applications will include economic viability, assessed risk and need, employment implications, creation of additional demand for products and services and impact on local competition.

A condition of any loan funding from Comhairle nan Eilean Siar is that any product landed must be offered initially to processors based in the Outer Hebrides at the prevailing market price.

See: [Outer Hebrides Fisheries Investment Scheme \(cne-siar.gov.uk\)](https://www.cne-siar.gov.uk/outer-hebrides-fisheries-investment-scheme)

### **North Lanarkshire Back to Business Fund**

Delivered by North Lanarkshire Council, the Back to Business Fund provides businesses with grants of up to £2,500 to cover 100% of eligible project costs.

The fund aims to help businesses address specific, immediate priorities in response to the COVID-19 pandemic by helping them adapt or modify their premises or operating model in order to address new challenges in their trading environment.

The funding can contribute towards specific projects or investments being undertaken by applicants in direct response to COVID-19. It cannot be used for working capital requirements or day-to-day cashflow issues.

See: [Back to Business Fund | North Lanarkshire Council](#)

### **North Lanarkshire Business Recovery and Growth Fund**

The Business Recovery and Growth Fund (BRGF) is targeted at new and existing businesses based in North Lanarkshire to support their strategic, longer term sustainability and growth.

BRGF grants will cover 50% of eligible project costs, up to £20,000, to fund specific activities to help businesses recover, adapt, and diversify their operations.

See: [Business Recovery and Growth Fund | North Lanarkshire Council](#)

### **Shetland Islands - Development grant funding for businesses and third sector organisations**

The Shetland Islands Council Economic Development Grant Scheme provides grants of up to £25,000 for small to medium-sized businesses and third sector organisations based in Shetland. It aims to help companies with the costs related to developing growth or research projects.

Financial assistance is provided to businesses which can demonstrate that their projects meet key eligibility criteria, and where the projects will result in benefits to the Shetland economy.

Applicants will need to prepare a development plan and a Business Gateway adviser can help with this.

Grants may be awarded for:

- capital expenditure – equipment, building and/or engineering costs, building improvements
- revenue expenditure – professional fees, marketing and promotion, office costs, travel costs
- working capital – up to a maximum of £5,000

See: [Economic Development grant scheme – Shetland Islands Council](#)

### **Shetland Islands - Commercial loan funding for businesses**

Secured commercial loans are available to new and growing businesses in Shetland. This loan funding aims to encourage and support the creation, development and growth of businesses that will contribute to and strengthen the local economy in Shetland in terms of jobs and other benefits.

Sometimes equity and hire purchase finance is also available where there are specific advantages to these forms of finance. Applicants should discuss the type of finance they need with Shetland Islands Council before submitting an application.

These loans are usually in the form of gap funding or co-investment with banks and other finance providers, rather than being the primary lender to businesses. Applicants should investigate and maximise other forms of funding before applying for a council loan.

Loans are repayable over a fixed term and interest and capital repayments are collected by Direct Debit each month.

See: [Commercial loans from the Council – Shetland Islands Council](#)

### **Employer Recruitment Incentive Framework**

The Employer Recruitment Incentive Framework outlines the national minimum standards for publicly funded Employer Recruitment Incentives (ERIs).

The ERI Framework has been developed to integrate and link fully with existing employability and skills programmes.

ERIs play an important role in supporting those who face the greatest barriers to entering employment, to help them obtain and remain in sustainable employment by contributing towards the additional costs of recruiting and retaining eligible individuals in employment. They also help stimulate demand in the labour market and encourage the creation of good quality jobs that support a greener, fairer, and stronger labour market.

ERIs can be used in several ways, such as for additional supervisory costs, training, initial travel to work costs, specialist in work support, or wages.

The Framework is available in a downloadable PDF document on the Employability in Scotland website. It contains information on:

- objectives of the Framework and ERIs
- which individuals are eligible for support from an ERI
- minimum employment conditions and criteria that must be met
- minimum responsibilities of employers
- the minimum amount and duration of ERI payments

The Framework came into effect from 1 April 2021. It was developed by the Scottish Government in partnership with local governments.

See: [Employer Recruitment Incentive Framework | Employability in Scotland](#)

### **Glasgow - Business growth programme**

Businesses can benefit from a range of support through Glasgow City Council's business voucher programme, which provides access to specialist consultants.

Eligible businesses will be able to use the vouchers to access one-to-one support with consultants on the topics that best suit their needs. The length of time each business will be given with the consultants will depend on the outcome of the application process - generally it will range between 4 and 14 days of support. The consultancy must be used within a 12 month period.

Available support topics include:

- business structuring
- business growth
- leadership, skills and resources
- business financial management
- design thinking
- business innovation
- internationalisation
- digital development and innovation
- business resilience

See: [Business Glasgow - View Business Support \(business-glasgow.co.uk\)](https://business-glasgow.co.uk)